

BallaratHealthServices

AUDITOR GENERAL'S REPORT



**VICTORIAN
AUDITOR-
GENERAL'S
OFFICE**

*Auditing in the
Public Interest*

Auditor-General's Report

Audit Scope

The accompanying financial statements of Ballarat Health Services for the year ended 30 June 1998, comprising a revenue and expense statement, balance sheet, statement of cash flows and notes to the financial statements, have been audited. The members of the Ballarat Health Services' Board of Management are responsible for the preparation and presentation of the financial statements and the information they contain. An independent audit of the financial statements has been carried out in order to express an opinion on them as required by the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply with the requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the financial position of Ballarat Health Services and the results of its operations and its cash flows.

The audit does not provide any assurances that Ballarat Health Services' systems, or any other systems that the entity relies on in the conduct of its activities such as those of suppliers and service providers are year 2000 compliant, or whether plans and associated actions are adequate to address the year 2000 issue. The year 2000 issue has been addressed only in the context of existing audit responsibilities under Australian Auditing Standards to express an opinion on the financial statements.

The audit opinion expressed on the financial statements has been formed on the above basis.


Qualification

As disclosed in note 10 to the financial statements, Ballarat Health Services has recorded as part of payables within the balance sheet, grants received but not utilised of \$4.32 million. In my opinion, as Ballarat Health Services effectively controlled these grants as at 30 June 1998, current liabilities are overstated by \$4.32 million and the operating surplus is understated by an equivalent amount.

Qualified Audit Opinion

In my opinion, except for the effect on the financial statements of the matter referred to above, the financial statements present fairly the financial position of Ballarat Health Services as at 30 June 1998 and the results of its operations and its cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply with the requirements of the *Financial Management Act 1994*.

MELBOURNE
5/10/1998


C.A. BARAGWANATH
Auditor-General

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BallaratHealthServices

In our opinion the Report of Operations and the Financial Statements of Ballarat Health Services comprising statement of cashflows, balance sheet, revenue and expense statement and notes to the financial statements have been prepared in accordance with the provisions of the Financial Management Act 1994 and the Directions of the Minister for Finance - Part 9 Reporting Provisions.

In our opinion the financial statements present fairly the financial transactions for the year ended 30 June 1998 and the financial position as at that date of Ballarat Health Services.

At the date of signing the consolidated financial statements we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.



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Chairperson (on behalf of the Board)
(Dr B Hassett)



.....

Chief Executive Officer
(Accountable Officer)
(Mr A Hughes)

Dated the 27th day of August, 1998, Ballarat



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**BALLARAT HEALTH SERVICES
REVENUE AND EXPENSES STATEMENT FOR THE YEAR ENDED 30 JUNE 1998**

	Note	1997/98 \$000	1996/97 \$000
REVENUE SERVICES SUPPORTED BY HEALTH SERVICE AGREEMENT			
Government Grants		73,511	69,777
Indirect Contributions by Human Services		1,226	993
Patient Fees	2(a)	23,355	23,410
	2	<u>98,092</u>	<u>94,180</u>
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES			
Interest and Dividends		693	847
Business Units		9,099	9,488
Other Specific Purpose Revenue		2,357	2,671
	3	<u>12,149</u>	<u>13,006</u>
		<u>110,241</u>	<u>107,186</u>
TOTAL REVENUE			
EXPENDITURE SERVICES SUPPORTED BY HEALTH SERVICE AGREEMENT			
Employee Entitlements		72,936	68,566
Supplies and Consumables		10,078	9,524
Other Expenses		15,408	14,398
	4	<u>98,422</u>	<u>92,488</u>
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES			
Employee Entitlements		4,605	5,640
Supplies and Consumables		1,008	1,076
Other Expenses		3,093	4,143
		<u>8,706</u>	<u>10,859</u>
	4	<u>107,128</u>	<u>103,347</u>
TOTAL EXPENDITURE			
SURPLUS FOR THE YEAR BEFORE DEPRECIATION AND AMORTISATION			
		3,113	3,839
Depreciation and Amortisation	7	(5,331)	(5,145)
DEFICIT FOR THE YEAR BEFORE CAPITAL INCOME AND ABNORMAL ITEMS			
		(2,218)	(1,306)
Capital Purpose Income	6	7,916	11,039
Abnormal Items	8	(3,636)	(589)
OPERATING SURPLUS FOR THE YEAR BEFORE EXTRAORDINARY ITEMS			
		2,062	9,144
Extraordinary Items	9	-	(933)
OPERATING SURPLUS FOR THE YEAR AFTER EXTRAORDINARY ITEMS			
		2,062	8,211
Retained Earnings at 1 July 1997		6,463	-
Aggregate of Amounts Transferred from Reserves	27	1,738	-
Amount Available for Appropriation		<u>10,263</u>	<u>8,211</u>
Aggregate of Amounts Transferred to Reserves	27	-	1,748
RETAINED EARNINGS AT 30 JUNE 1998			
		<u>10,263</u>	<u>6,463</u>

This Statement should be read in conjunction with the accompanying notes.



**BALLARAT HEALTH SERVICES
BALANCE SHEET AS AT 30 JUNE 1998**

	Note	1997/98	1996/97
		<u>\$000</u>	<u>\$000</u>
EQUITY			
Funds held for Restricted Purposes	27	6,348	8,086
Contributed Capital		75,858	75,858
Retained Earnings		10,263	6,463
TOTAL EQUITY		<u>92,469</u>	<u>90,407</u>
LIABILITIES			
Current Liabilities			
Bank Overdraft		-	1,356
Payables	10	9,039	4,442
Employee Entitlements	11	10,877	9,994
Monies Held in Trust	12	1,219	1,111
Borrowings	13	1,747	1,635
Total Current Liabilities		<u>22,882</u>	<u>18,538</u>
Non Current Liabilities			
Employee Entitlements	11	7,658	6,931
Borrowings	13	4,057	4,069
Monies Held in Trust	12	2,404	2,197
Total Non Current Liabilities		<u>14,119</u>	<u>13,197</u>
TOTAL LIABILITIES		<u>37,001</u>	<u>31,735</u>
TOTAL EQUITY AND LIABILITIES		<u>129,470</u>	<u>122,142</u>
ASSETS			
Current Assets			
Cash at Bank and on Hand		2,295	3,837
Inventory	14	647	570
Prepayments		92	119
Receivables	15	3,390	3,248
Investments	16	13,398	10,553
Total Current Assets		<u>19,822</u>	<u>18,327</u>
Non Current Assets			
Investments	16	4	4
Land	17	6,030	6,030
Buildings	17	74,413	73,302
Buildings Under Construction	17	10,677	5,973
Plant and Equipment	17	12,821	12,428
Leased Assets	18	1,391	1,537
Intangible Assets	19	-	27
Other	17	4,312	4,514
Total Non Current Assets		<u>109,648</u>	<u>103,815</u>
TOTAL ASSETS		<u>129,470</u>	<u>122,142</u>

This Statement should be read in conjunction with the accompanying notes.



BALLARAT HEALTH SERVICES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1998

	Note	1997/98	1996/97
		\$000	\$000
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Grants		77,255	74,707
Patient Fees		22,893	23,410
Interest Received		672	847
Other		11,470	10,011
Payments			
Employee Entitlements		(76,625)	(75,476)
Other		(29,228)	(26,858)
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	6,437	6,641
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(16,603)	(14,500)
Proceeds from Sale of Property, Plant and Equipment		1,427	682
Capital Grants		10,628	10,279
Proceeds from Donations and Bequests		346	718
NET CASH USED IN INVESTING ACTIVITIES		(4,202)	(2,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		100	-
Cash Inflow on Merger		-	6,947
Repayment of Borrowings		-	(1,032)
NET CASH FLOWS FROM FINANCING ACTIVITIES		100	5,915
NET INCREASE IN CASH HELD		2,335	9,735
CASH AT 1 JULY 1997		9,735	-
CASH AT 30 JUNE 1998	21	12,070	9,735

This Statement should be read in conjunction with the accompanying notes.



Note 1:
Statement of Accounting Policies

The general purpose Financial Statements of Ballarat Health Service have been prepared in accordance with the provisions of the Financial Management Act 1994. These requirements incorporate relevant accounting standards issued jointly by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia and other mandatory professional reporting requirements.

(a) Accrual Basis

Except where otherwise stated, these Financial Statements have been prepared on the accrual basis whereby revenues and expenses are recognised when they are earned or incurred, and are brought to account in the period to which they relate.

(b) Historical Cost Basis

The Financial Statements have been prepared on the historical cost basis whereby assets are recorded at purchase price plus costs incidental to their acquisition and do not take into account changing money values nor the current cost of non-current assets, unless specifically stated.

(c) Rounding Off

All amounts shown in the Financial Statements are expressed to the nearest thousand dollar.

(d) Investments

Investments are valued at cost and are classified between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each investment. Interest revenue from investments is brought to account when it is earned.

(e) Depreciation

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives using the straight-line method. This depreciation charge is not funded by the Department of Human Services.

The following table indicates the expected useful lives of non current assets on which depreciation charges are based.

Buildings	Up to 25 years
Plant and Equipment	Up to 10 years
Furniture and Fitting	Up to 10 years
Leased Assets	Up to 10 years
Intangible Assets	Up to 10 years

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined principally on the first-in, first-out method.

(g) Employee Entitlements

Entitlements are based on pay rates current at balance date. On-costs such as Workcover and superannuation are included in the calculation of leave provisions.

Long Service Leave

The provision for long service leave is determined in accordance with Accounting Standard AAS30. Generally, the entitlement under various awards becomes payable upon completion of 10 years' service. The proportion of long service leave estimated to be payable within the next financial year is a current liability. The balance of the provision is classified as a non-current liability measured at the present value of the estimated future cash outflow arising from employee's services to date.

Wages and Salaries, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, annual leave and accrued days off are recognised, and are measured as the amount unpaid at the reporting date in respect of employee's services up to that date.

Sick Leave

No provision has been made for sick leave as it is non-vesting and the expense incurred during the year is representative of Ballarat Health Services annual cost.

(h) Intersegment Transactions

Transactions between segments within Ballarat Health Services have been eliminated to reflect the extent of Ballarat Health Services operations as a group.

(i) Leased Property and Equipment

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains all such risks and benefits. Where a non-current asset is required by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non-current asset at the beginning of the lease term and is amortised on a straight line basis over its expected economic life. A corresponding liability is established and each lease payment is allocated between the principal component and the interest expense.



BALLARAT HEALTH SERVICES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Operating lease payments are representative of the pattern of benefits derived from the leased asset and accordingly are charged against revenue in the periods in which they are incurred.

(j) Donations

Donations are recognised when the cash is received. Donations received for a specific purpose may be appropriated to a reserve.

(k) Fund Accounting

Bollorot Health Services operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Capital and Specific Purpose Funds include unspent capital donations and receipts from fund raising activities conducted solely in respect of these funds.

(l) Services Supported By Health Services Agreement and Services Supported by Hospital and Community Initiatives

The Activities classified as Services Supported by Health Services Agreement are substantially funded by the Department of Human Services, while Services Supported by Hospital and Community Initiatives are funded by Bollorot Health Service's own activities or local initiatives.

(m) Comparative Information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

(n) Patient Trust Account

Ballarat Health Services holds deposits in trust on behalf of residents. As Ballarat Health Services has no claim on these funds they have been shown in the balance sheet as a liability.

(o) Financial Instruments Receivables

Trade debtors are carried at amounts receivable. The collectibility of debts is assessed on an ongoing basis and specific provision is made for any doubtful accounts where the debt is more than 60 days overdue. Debts which are known to be uncollectable are written off.

Investments

Investments, generally comprised of amounts on deposit, are brought to account at cost. Interest revenue is recognised when the interest is earned.

Trade and other creditors

(i) Creditors and accrued expenses

Creditors and accrued expenses represent liabilities for goods and services provided to the entity prior to balance date and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(ii) *Other creditors*

Other creditors represent liabilities for amounts received at balance for which the entity has not delivered goods and services.

Borrowings

Loans and debentures are carried at their principal amounts, which represent the present value of future cash flows associated with the servicing the debt. Interest is accrued over the period it becomes due and recorded as part of other creditors.



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 2: Revenue from Services Supported by Health Service Agreement

	Acute Care \$000	Mental Health \$000	Aged Care \$000	Coordinated Care \$000	Public Health \$000	Other \$000	Total 1997/98 \$000	Total 1996/97 \$000
Government Grants								
- Department of Human Services	47,084	12,366	12,097	878	60	293	72,778	69,341
- Commonwealth Government	-	-	733	-	-	-	733	436
Indirect contributions by Human Services (1)								
- Insurance	793	208	204	15	1	5	1,226	993
Patient Fees - refer note 2(a)	3,162	127	20,066	-	-	-	23,355	23,410
TOTAL	51,039	12,701	33,100	893	61	298	98,092	94,180

(1) The Department of Human Services makes certain payments on behalf of Ballarat Health Services. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

Note 2(a): Patient Fees

	Patient Fees Raised		Patient Fees Receivable	
	1997/98 \$000	1996/97 \$000	1997/98 \$000	1996/97 \$000
Acute				
- Inpatients	3,074	3,041	658	486
- Outpatients	88	112	28	13
Mental Health	127	108	-	12
Aged Care				
- Extended Care	19,363	19,392	679	618
- Other	703	757	248	174
TOTAL	23,355	23,410	1,613	1,303

Commonwealth Nursing Home inpatient benefits are included in patient fee revenue



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 3: Services Supported by Hospital and Community Initiatives

	Total 1997/98 \$000	Total 1996/97 \$000
Revenue		
Business Units		
Central Highlands Linen Service	3,731	4,157
Radiology	2,060	1,858
Catering	1,373	1,203
Safety Link	854	690
Queen Elizabeth Aged Care Solutions	293	364
Education Services	176	309
Ingoing Contribution Income	233	328
Co Generation	238	453
Other	141	126
	9,099	9,488
Other Services		
Recoveries	524	535
Medical and Clinical Services	241	187
Investment Income	693	847
Equipment Sales	70	77
Diabetic Shop	84	85
Other	1,438	1,787
	3,050	3,518
TOTAL	12,149	13,006



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 4: Operating Expenses

	Acute Care \$000	Mental Health \$000	Aged Care \$000	Coordinated Care \$000	Public Health \$000	Other \$000	Total 1997/98 \$000	Total 1996/97 \$000
Services Supported by Health Service Agreement								
Employee Entitlements								
Salaries and Wages	32,322	9,754	23,032	765	43	-	65,916	62,439
Workcover	124	58	374	3	-	-	559	1,026
Superannuation	2,376	653	1,482	58	3	-	4,572	3,998
Long Service Leave	808	191	869	20	1	-	1,889	1,103
Supplies and Consumables								
Drug Supplies	2,781	252	307	-	-	-	3,340	2,887
Medical and Surgical Supplies	3,031	15	593	-	-	-	3,639	3,568
Food Supplies	353	247	2,499	-	-	-	3,099	3,069
Other Expenses								
Purchased Services	3,442	187	1,283	-	13	-	4,925	4,815
Energy Costs	805	99	611	-	-	-	1,515	1,169
Domestic Services	998	92	1,022	-	-	-	2,112	2,411
Repairs and Maintenance	841	248	658	-	-	-	1,747	2,640
Patient Transport	171	2	30	-	-	-	203	163
Administrative Expenses	1,281	844	1,138	127	9	-	3,399	1,999
Interest and Other Finance Charges	178	-	-	-	-	-	178	164
Audit Fees								
- Auditor General	73	-	-	-	-	-	73	39
- Other	30	-	-	-	-	-	30	5
Other								
- Costs Funded by Human Services	793	208	204	15	1	5	1,226	993
	50,407	12,850	34,102	988	70	5	98,422	92,488
Services Supported by Hospital and Community Initiatives								
Employee Entitlements								
Salaries and Wages	-	-	-	-	-	3,434	3,434	4,951
Workcover	-	-	-	-	-	266	266	177
Superannuation	-	-	-	-	-	481	481	488
Long Service Leave	-	-	-	-	-	424	424	24
Supplies and Consumables								
Drug Supplies	-	-	-	-	-	13	13	10
Medical and Surgical Supplies	-	-	-	-	-	355	355	256
Food Supplies	-	-	-	-	-	640	640	810
Other Expenses								
Energy Costs	-	-	-	-	-	141	141	379
Domestic Services	-	-	-	-	-	382	382	645
Repairs and Maintenance	-	-	-	-	-	650	650	941
Administrative Expenses	-	-	-	-	-	1,920	1,920	2,178
Depreciation	-	-	-	-	-	5,331	5,331	5,145
	-	-	-	-	-	14,037	14,037	16,004
TOTAL EXPENSES	50,407	12,850	34,102	988	70	14,042	112,459	108,492



BALLARAT HEALTH SERVICES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 5: Interest and Other Finance Costs

	Total 1997/98 \$000	Total 1996/97 \$000
Interest on Hire Purchase Agreements	178	156
Interest on Short Term Borrowings	-	8
TOTAL	178	164

Note 6: Capital Purpose Income

	Total 1997/98 \$000	Total 1996/97 \$000
State Government Grants	7,628	10,279
Commonwealth Government Grants	-	8
Donations and Bequests	346	718
Profit/(Loss) on Sale - refer note 6(a)	(58)	34
TOTAL	7,916	11,039

Note 6(a): Other Capital Purpose Income

	Total 1997/98 \$000	Total 1996/97 \$000
Revenue from Disposal of Physical Assets		
Proceeds from Disposal	1,427	667
Less: Written Down Value of Assets Sold	1,485	633
Net Revenue from Disposal of Assets	(58)	34
TOTAL	(58)	34



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 7: Depreciation and Amortisation

	Total 1997/98 \$000	Total 1996/97 \$000
Buildings	1,385	1,637
Plant and Equipment		
- Plant	2,530	2,032
- Transport	142	193
Furniture and Fittings	346	466
Leased Assets	145	145
Linen Stock	756	659
Goodwill	27	13
TOTAL	5,331	5,145

Allocation of Depreciation/Amortisation

Services Supported by Health Service Agreement	3,819	3,727
Services Supported by Hospital and Community Initiatives	1,512	1,418
	5,331	5,145

The allocation of depreciation and amortisation does not reflect the funding for the replacement of assets. The Department of Human Services does not provide funding for such expenses.

Note 8: Abnormal Items

	Total 1997/98 \$000	Total 1996/97 \$000
Abnormal Revenue (1)		
Voluntary Departure Packages	1,003	179
SUB TOTAL	1,003	179
Abnormal Expense		
Property Write Off	2,418	589
Property Revaluation	1,527	-
Voluntary Departure Packages	694	179
SUB TOTAL	4,639	768
TOTAL	(3,636)	(589)

(1) In 1996/97, Ballarat Health Services classified Capital Income as an Abnormal Item, due to the amount of capital income received. Included at Note 6 is the capital income received during 1997/98 and 1996/97.

BALLARAT HEALTH SERVICES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 9: Extraordinary Items

	Total 1997/98 \$000	Total 1996/97 \$000
Mainstreaming of Psychiatric Services		
Assets assumed as part of the mainstreaming of Psychiatric Services	-	520
Liabilities assumed as part of the mainstreaming of Psychiatric Services	-	1,453
NET EXTRAORDINARY LOSS	-	(933)

Note 10: Payables

	Current \$000	Non Current \$000	Total 1997/98 \$000	Total 1996/97 \$000
Trade Creditors and Accrued Expenses	8,969	-	8,969	4,109
Resident Fees in Advance	70	-	70	237
Other Income in Advance	-	-	-	96
TOTAL PAYABLES	9,039	-	9,039	4,442

Note 11: Employee Entitlements

	Total 1997/98 \$000	Total 1996/97 \$000
CURRENT		
Long Service Leave	2,858	2,691
Accrued Wages and Salaries	2,452	1,954
Accrued Leave	5,428	5,239
Accrued Days Off	139	110
TOTAL	10,877	9,994
NON CURRENT		
Long Service Leave	7,658	6,931
TOTAL	7,658	6,931
Movement in Long Service Leave:		
Balance July 1	9,622	9,018
Provision made during the year	2,383	1,693
Settlement made during the year	(1,489)	(1,089)
Balance June 30	10,516	9,622



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 12: Monies Held in Trust

	Total 1997/98 \$000	Total 1996/97 \$000
CURRENT		
Patient Monies held in Trust	606	648
Refundable Accommodation Bands	613	463
	<u>1,219</u>	<u>1,111</u>
NON CURRENT		
Refundable Accommodation Bonds	2,404	2,197
	<u>2,404</u>	<u>2,197</u>
TOTAL	<u>3,623</u>	<u>3,308</u>
Represented by:		
Cash at Bank	-	9
Short Term Investments	3,623	3,299
TOTAL	<u>3,623</u>	<u>3,308</u>

Note 13: Borrowings

	Current \$000	Non Current \$000	Total 1997/98 \$000	Total 1996/97 \$000
Hire Purchase Agreements	747	2,057	2,804	1,592
Other Borrowings	1,000	2,000	3,000	4,112
TOTAL BORROWINGS	<u>1,747</u>	<u>4,057</u>	<u>5,804</u>	<u>5,704</u>

Hire purchase borrowings are secured against the assets financed.
 Borrowings from the State are secured against the Health Service Agreement.

Ballarat Health Services has a bank overdraft facility of \$1,500,000.

Note 14: Inventory

	Total 1997/98 \$000	Total 1996/97 \$000
Pharmaceuticals	252	212
General	366	271
Safety Link	20	74
Clothing	13	17
TOTAL	<u>651</u>	<u>574</u>
less provision for stock obsolescence	4	4
TOTAL	<u>647</u>	<u>570</u>



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 15: Receivables

	Current \$000	Non Current \$000	Total 1997/98 \$000	Total 1996/97 \$000
Trade Debtors				
- Acute Inpatients	658	-	658	498
- Aged Services	927	-	927	792
- Outpatients	28	-	28	13
- Radiology	249	-	249	224
- Central Highlands Linen Service	514	-	514	599
- Sundry	958	-	958	1,023
Accrued Investment Income	115	-	115	94
Accrued Revenue				
- Department of Human & Family Services	42	-	42	106
TOTAL	3,491	-	3,491	3,349
less: Provision for Doubtful Debts			101	101
Net Debtors and Accrued Revenue			3,390	3,248

Note 16: Investments

	Specific Purpose Fund \$000	Trust Fund \$000	Capital Fund \$000	Total 1998 \$000	Total 1997 \$000
Current					
Trustee Company	672	243	-	915	915
Treasury Bills	5,126	363	6,448	11,937	7,685
Investment Account	-	-	-	-	1,362
Deposits	500	-	-	500	512
Shares	46	-	-	46	76
Debenture Stock	-	-	-	-	3
	6,344	606	6,448	13,398	10,553
Non Current					
Debenture Stock	4	-	-	4	4
TOTAL	6,348	606	6,448	13,402	10,557



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 17: Fixed Assets

	Gross Cost/ Valuation	Accumul. Dep'n	Written Down Value	Written Down Value	Additions	Disposals
	1998	1998	1998	1997	1998	1998
	\$000	\$000	\$000	\$000	\$000	\$000
At Cost						
Buildings	44	1	43	67	17	-
Buildings Under Construction	10,634	-	10,634	5,973	10,252	-
Plant and Equipment	35,052	22,231	12,821	12,428	3,296	122
Motor Vehicles	3,242	549	2,693	2,668	1,593	1,523
Library Books	481	348	133	135	43	-
Linen Stock	4,967	3,481	1,486	1,711	548	-
TOTAL	54,420	26,610	27,810	22,982	15,749	1,645
At Valuation						
Land	6,030	-	6,030	6,030	-	-
Buildings	76,044	1,631	74,413	73,235	878	2,475
TOTAL	82,074	1,631	80,443	79,265	878	2,475

Land and Buildings were valued as at 30th June 1997 by the Landlink Property Group. The basis of the valuation for buildings is Depreciated Replacement Cost and land is valued at current market value.

Note 18: Leased Assets

	Cost	Accumulated Amortisation	Written Down Value	Written Down Value
	1998	1998	1998	1997
	\$000	\$000	\$000	\$000
Leased Assets	2,203	812	1,391	1,537

Note 19: Intangible Assets

	Additions	Disposals	Written Down Value	Written Down Value
	1998	1998	1998	1997
	\$000	\$000	\$000	\$000
Goodwill	-	-	-	27

BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 20:
Reconciliation of Net Cash Used In Operating Activities To Operating Result

	Total 1997/98	Total 1996/97
	\$000	\$000
Entity Surplus/(Deficit) for the Year	2,062	8,211
less Income designated for capital purposes	7,916	11,039
Entity Surplus/(Deficit) prior to capital items	<u>(5,854)</u>	<u>(2,828)</u>
Non Cash Movements		
Depreciation and Amortisation	5,331	5,145
Provision for Doubtful Debts	-	53
Increase/(Decrease) in Payables	1,597	(49)
Increase/(Decrease) in Employee Entitlements	1,610	3,038
(Increase)/Decrease in Inventory	(77)	-
(Increase)/Decrease in Other Current Assets	27	76
(Increase)/Decrease in Receivables	(142)	273
Increase/(Dec.) in Abnormal Items - Revaluation/Write Off	3,945	-
Extraordinary Item	-	933
Net Cash Used in Operating Activities	<u>6,437</u>	<u>6,641</u>

Note 21: Reconciliation of Cash

	Total 1998	Total 1997
	\$000	\$000
Cash on Hand		
Financial Institutions	2,295	2,481
Deposits at Call		
Financial Institutions	13,398	10,553
less: Monies held in Trust	(3,623)	(3,299)
TOTAL	<u>12,070</u>	<u>9,735</u>

Note 22: Commitments

	Total 1998	Total 1997
	\$000	\$000
Capital Commitments		
Land and Buildings (contracted)	2,100	1,479
Plant and Equipment (not contracted) (1)	2,350	830
TOTAL	<u>4,450</u>	<u>2,309</u>

(1) A program to ensure Ballarat Health Services' compliance with Year 2000 technologies is due to commence during the 1998-99 year. An amount of \$2.35M has been estimated for this purpose.



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 23: Lease Liabilities

	Total 1998 \$000	Total 1997 \$000
Aggregate lease expenditure contracted for at balance date		
Operating Leases		
Cancellable		
Not later than one year	48	149
Later than one year but not later than 2 years	-	48
Later than 2 years but not later than 5 years	-	-
Later than 5 years	-	-
TOTAL	48	197
Representing		
Cancellable Operating Leases	48	197

Note 24: Contingent Liabilities

A former controlled entity (Ballarat and District Aged Persons Homes Association Inc.) now part of Ballarat Health Services entered into an agreement with The Redemptorist Fathers Property Association (the Order), from which it had acquired land and buildings forming part of the Queen Elizabeth Village, to provide accommodation to a limited number of members of the Order. In the event that Ballarat Health Services transfers its interest in Queen Elizabeth Village to a body other than a charitable organisation, which is not prepared to continue to provide accommodation, Ballarat Health Services will pay the Order, an amount of \$25,000 for each remaining year of the agreed term of 40 years, or, at the option of the Order, provide such accommodation elsewhere. At 30 June 1998, such compensation would amount to \$825,000.

Note 25: Superannuation

The Ballarat Health Service contributes to the Hospital Superannuation Scheme and the State Superannuation Scheme on behalf of its employees. During 1997/98 Ballarat Health Services contributed \$5.053M to the schemes, (\$4.486M, 1996/97). There are no employer contributions outstanding at balance date. The policy for calculating employee contributions accords with the Hospital Superannuation Act 1988 and State Superannuation Act 1988. The unfunded superannuation liability in respect to members of State superannuation schemes is shown as a liability by the Department of Treasury and Finance.



BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 26: Segment Reporting

SEGMENT	Segment Revenue \$	Segment Expenditure \$	Surplus/ (Deficit) \$	Segment Assets \$	Segment Liabilities \$	Segment Equity \$
Acute	51,039	50,407	632	63,892	11,131	52,761
Aged	33,100	34,102	(1,002)	35,879	11,109	24,770
Mental Health	12,701	12,850	(149)	1,557	2,263	(706)
Capital and Abnormal	10,404	11,455	(1,051)	-	-	-
Other	13,401	9,769	3,632	28,142	12,498	15,644
TOTAL	120,645	118,583	2,062	129,470	37,001	92,469

Note 27: Reconciliation of Changes in Equity

	Total		Retained Earnings		Contributed Capital		Other Reserves	
	1998 \$000	1997 \$000	1998 \$000	1997 \$000	1998 \$000	1997 \$000	1998 \$000	1997 \$000
Opening Balance	90,407	82,196	6,463	-	75,858	75,858	8,086	6,338
Surplus/(Deficit)	2,062	8,211	2,062	8,211	-	-	-	-
Transfer to Reserves	-	-	-	(1,748)	-	-	-	1,748
Transfer from Reserves	-	-	1,738	-	-	-	(1,738)	-
CLOSING BALANCE	92,469	90,407	10,263	6,463	75,858	75,858	6,348	8,086

Note 28: Special Purpose Reserve

	Total 1998 \$000	Total 1997 \$000
Building & Equipment Fund	3,145	3,375
Patient Comforts	629	637
Hostel Development	-	1,335
Debt Reduction	1,000	1,000
Clinical Services	269	222
Nursing Education	155	154
Other	1,150	1,363
TOTAL	6,348	8,086



Note 29: Responsible Person Related Disclosures

(a) Responsible Persons

The Honourable R. Knowles - Responsible Minister

Dr B Hassett

Mr B Clark

Mr M Schultz

Mr C Deans

Mr J Goy

Sr T Power (appointed 24 February 1998)

Mr W Crawford

Ms S Lia

Mr D Monton (resigned 30 September 1997)

Mr A Hughes - Chief Executive Officer

(b) Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income band;

	1998	1997
	No.	No.
\$0 - \$9,999	8	-
\$10,000 - \$19,999	1	-
	9	-
Remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:		
	\$000	\$000
	69	-

(c) Retirement Benefits of Responsible Persons

Retirement benefits paid by the reporting entity in connection with the retirement of Responsible Persons amounted to \$nil.

(d) Other Transactions of Responsible Persons and their Related Parties

There were no transactions of a material nature within this class.

BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

Note 29: Responsible Person Related Disclosures continued

(e) Executive Officer Remuneration

The total number of Executive Offices whose total remuneration exceeded \$100,000 are shown in their relevant income bands	1998 No.	1997 No.
\$100,000 - \$109,999	1	-
\$110,000 - \$119,999	-	1
\$130,000 - \$139,999	1	1*
\$140,000 - \$149,999	-	2*
\$150,000 - \$159,999	1	-
\$200,000 - \$209,999	1	-
	4	4

* Includes termination pay

Total remuneration for the reporting period for Executive Officers included above amounted to:

	1998 \$000	1997 \$000
- Actual remuneration (other than bonuses)	581	525
- Bonuses	9	14
TOTAL	590	539

Note 30: Financial Instruments

(a) Interest rate risk

Ballarat Health Services exposure to interest rate risk and the effective weighted interest rate for each of financial assets and financial liabilities is set out below:

	Floating interest rate \$000	Fixed interest maturing in:			Total \$000
		1 year or less \$000	1 to 5 years \$000	Non-interest bearing \$000	
Financial assets					
Cash	2,295	-	-	-	2,295
Receivables	-	-	-	3,390	3,390
Investments	-	13,398	4	-	13,402
	2,295	13,398	4	3,390	19,087
Weighted average interest rate	n/a	4.9%	9.9%	n/a	n/a
Financial liabilities					
Creditors	-	-	-	9,039	9,039
Other loans	-	-	2,804	3,000	5,804
	-	-	2,804	12,039	14,843
Weighted average interest rate	n/a	n/a	4.0%	n/a	n/a

BALLARAT HEALTH SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

(b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted

The credit risk on financial assets of Ballarat Health Services which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts. The entity minimises concentrations of credit risk by undertaking transactions with unrelated debtors. Ballarat Health Services is not materially exposed to any individual debtor.

(c) Net fair values of financial assets and liabilities

The net fair value of on-balance sheet financial assets and liabilities are not materially different to the carrying value of the financial assets and liabilities.

Note 31: Annual Financial Statements Consolidated Elimination Entries

During 1997/98 financial year, transactions were undertaken with other State Government controlled entities, giving rise to the need for elimination entries in relation to resultant account balances. The aggregate eliminations included within the consolidated worksheets required to be prepared for input to the State's Annual Financial Statements are as follows:

	Intra		Inter	
	1998	1997	1998	1997
	\$000	\$000	\$000	\$000
Assets	493	-	-	-
Liabilities	4,858	-	-	-
Revenues	85,745	79,624	1,382	-
Expenses	1,414	1,024	1,382	2,350







Ballarat**Health**Services

Base Hospital

Drummond Street North, Ballarat Vic
Telephone 03 5320 4000
Facsimile 03 5320 4828

Queen Elizabeth Centre

102 Ascot Street South, Ballarat Vic
Telephone 03 5320 3700
Facsimile 03 5320 3860

Grampians Psychiatric Services

Sturt Street, Ballarat Vic
Telephone 03 5320 4501
Facsimile 03 5320 4835

Email: ceo@tpgi.com.au